

CONFIDENTIAL

COPY

FAX NO.: 708 705 5643

COMPANY: Chemdal

COUNTRY: IL

ATTN : Larry Washow

DATE :

SUBJECT:

PAGES :

FROM : Joseph E. Pascente

NUMBER : (Please refer to this FAX number on reply)
FAX NO : (U.S.) (1) (708) 887 9522

Dear Larry,

Please confirm by return FAX to 708 887 9522 Chemdal's interest in pursuing an agreement with me in the marketing of your product in a new application for the purpose of a fire retardant. The demonstration in your laboratory demonstrated the unique capability of the this compound to resist high temperature and not absorb the heat from blow torch. Both yourself and Leland Orr stated that both of you have not seen or heard of this use previously.

The general terms of an agreement would be as follows:

- a. License issued to Chemdal for this use application. License will require up front fee plus royalty.
- b. Partnership developed between Chemdal and a new entity that will expand licensing to all SA manufacturers in the world (or other chemical manufacturer whose product have the same end result). Chemdal will share in all royalties.

It has been agreed that limited staff at Chemdal will be made aware of this application. This will now include Tony Tomlin who is your Vice President of R&D.

Attached is an article on Fire Testing Standards and Procedures. Fire walls could consist of hollow walls with sprinkler system that would mix the compound with water to fill it to stop a fire from proceeding from one area to another of building. New building designs could possibly provide this mixture if the SA would remain stable for extended periods of time. If it had a life, then it could be replaced on a routine basis as fire extinguishers are refilled.

Regards,

Joseph E. Pascente
COPY: Deborah Lifka, Esq.